



# Monday 2:00 Panel Discussion

## Financing Strategies and Clean Energy Incentive Programs

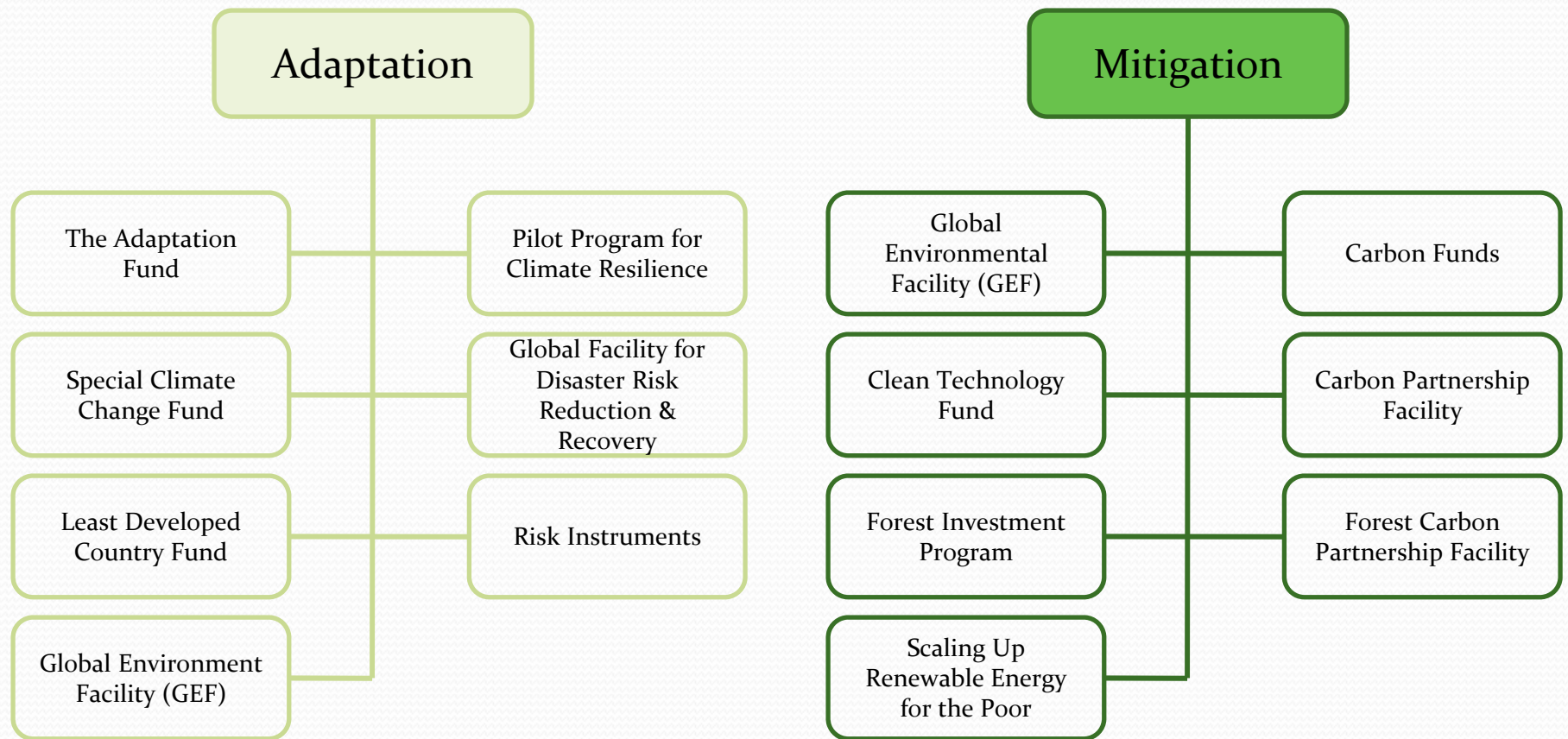
- Climate Investment Funds
- China experience
- Indonesia experience
- PNG experience



## Financing Strategies and Clean Energy Incentive Programs

- Getting conditions right: sound balance between financing, subsidy and tariff
  - to mobilize financing from different sources: public (government, multilateral, bilateral) – usually playing a catalytically role; private sectors, community, and corporation – for scaling up
  - energy/power sector financial sustainability: cost reflective tariff –essential
  - many innovations around the world in financing schemes

# A diverse menu of partnerships facilitates access to climate finance instruments

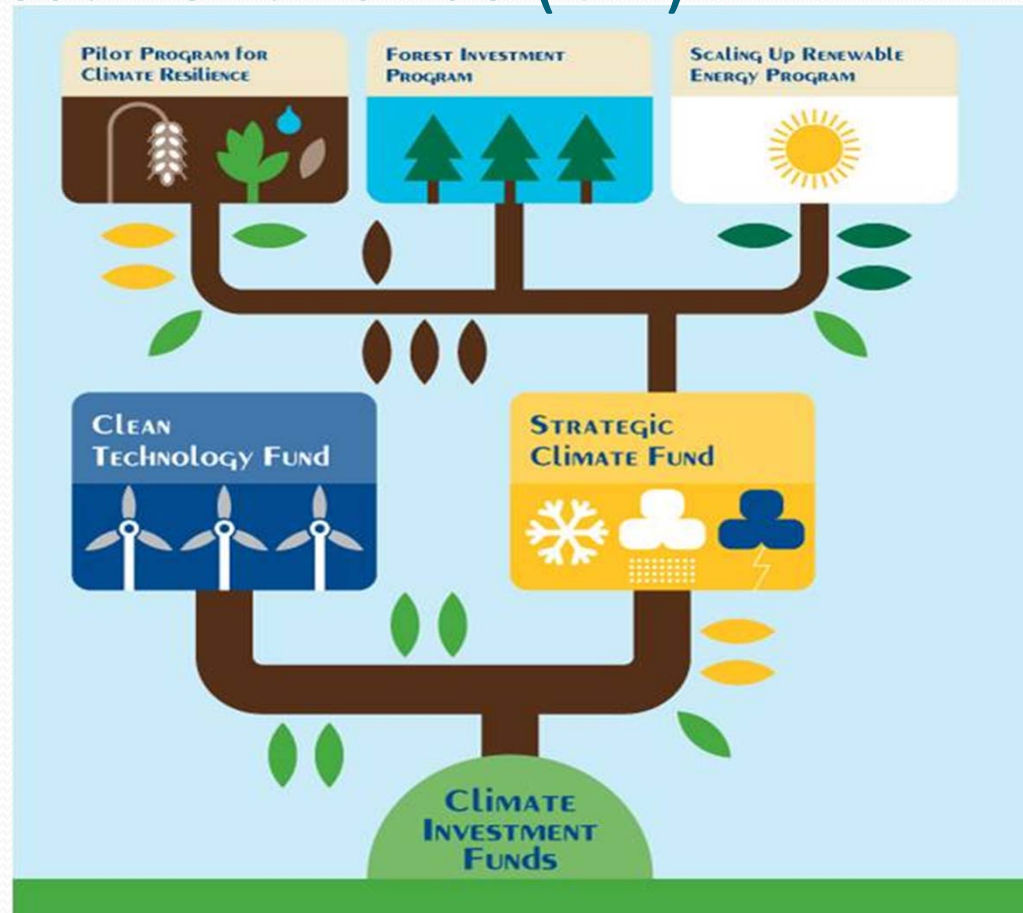


# Leveraging public finance through Climate Investment Funds (CIF)

## Clean Technology Fund (CTF):

Demonstrate, deploy, and transfer low emission technologies.

**Total commitment: US\$4.5 billion**



## Strategic Climate Fund (SCF):

Targeted programs to pilot new approaches and scale-up.

**Total commitment: US\$2.0 billion**

Proposed as collaborative effort between MDBs and countries to bridge financing and learning gap between now and a post-2012 climate agreement

# Clean Technology Fund – Transformation at scale

Fourteen investment plans endorsed with a total envelope of US\$4.5 billion, mobilizing US\$37 billion from private sector, the MDBs, national governments and bilateral donors.

**Every US\$1 for CTF leverages US\$8 of co-financing**

## Example: Mexico

US\$500 million, leverages US\$6.2 billion

- Create 18 bus rapid transit corridors, with objective to transform market for low-carbon hybrid buses
- Aims to reduce more than 20 percent of national energy consumption through energy efficiency
- Develop renewable energy, particularly wind power and mini-hydro installations



- **Countries:** Colombia, Egypt, Indonesia, Kazakhstan, Mexico, Morocco, Nigeria, Philippines, South Africa, Thailand, Turkey, Ukraine, Vietnam
- **Regional Program** for Concentrated Solar Power in Middle East and North Africa

# Responding to challenges in the market – the latest generation of product offerings

**April 2011**



## **Carbon Partnership Facility Tranche I**

Scaling-up carbon finance

**€150,000,000**

- Forward-looking & transformative
- Pioneer of PoAs – innovate to broaden and deepen reach of CDM
- Utilize carbon finance to scale up systematic approaches to low carbon growth
- Public & private participants will gain critical learning & experience

**Open**



## **Forest Carbon Partnership Facility**

National & sub-national REDD+ pioneer

**US\$370,000,000\***

- Pioneer of Readiness and carbon finance for REDD+
- Partnership between developed and developing countries and private companies
- Significant capacity building and technical assistance

**Open**



## **Partnership for Market Readiness**

Piloting & testing market based tools for GHG reduction

**US\$100,000,000\*\***

- Supporting countries' development of readiness component for market instruments
- Exploring, piloting and testing domestic emissions trading and non-GHG based schemes
- Capacity-building and piloting that is country-led and builds on country priorities

**In Development**



## **Lower-income Country Strategy**

To overcome carbon finance challenges in less-developed  
**TBD**

- Next Generation BioCarbon Fund
  - Agriculture & project REDD+
  - Asset Development
  - BioCF+
- Energy Track
  - Renewables, household EE, off-grid, etc.
  - Asset Development
  - Revolving Grant Facility

\* Current

\*\* Target, current US\$68 million raised



## China Experience in Innovative Financing

- How Three Gorges is financed? – total installed capacity 22,500MW, cost equivalent to US\$22.5 billion, entirely through tariff surcharge
- Using financial intermediary to finance renewable energy and energy efficiency projects
- Feed-in tariff for grid-connected renewable energy schemes
- Bidding for concession – right of development of renewable energy sites
- IFC financed China Energy Efficiency Program, first loss covered through GEF proceeds



## Indonesia Experience

- Geothermal power development
  - Financing: IBRD US\$175million+CTF\$125million
  - Implementing unit: Pertamina Geothermal Energy for confirmation of geothermal resources and construction of geothermal power plant
- Pekka – Women Headed Household Empowerment Program supported by a highly successful micro-financing schemes
  - In Indonesia, 10 out of 65 million households are headed by women,
  - 52,000 family members of 20,000 women have improved their livelihood and well-being





## PNG experience

- Teachers' solar lighting program – a revolving fund using GEF proceeds to finance the initial cost of transforming the terms and interests associated with commercial loans